

MINUTES
Highway Expansion and Extension Loan Program
Advisory Committee Telephone Conference Call Meeting
August 9, 2004

Committee Members Attending by Phone:

John McGee, Chair (for Mr. Mendez)	David Felix
Cliff Potts	Jim Glock
Paul Schwartz	Bill Beyer

Members Absent:

Victor Mendez	Tami Ryall
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Others Present:

John Fink, ADOT	Val Carrola, ADOT
Steve Schaefer, ADOT	Mike Bruder, ADOT

Call to Order

The meeting was called to order by John McGee at 1:34 p.m. A quorum was present throughout.

Action: A motion to approve the Minutes of the February 4, 2004 meeting was made by Mr. Beyer, seconded by Mr. Potts and passed unanimously.

Prior Business – Information Only

None

New Business – Information Only

Cash/Loan Status Report

John Fink reviewed the June 2004 HELP Cash Status and Loan Status reports.

Cliff Potts asked for an update on the Gila County projects. Mr. Schaefer said that the Six Shooter Canyon Road project is in process and a draw request is expected soon. He indicated that the Six Shooter Road and Bridge project is awaiting FHWA approval. Mr. McGee suggested that the loan be reconsidered if a draw does not occur by January 1 and there is no evidence that a draw is eminent. The Committee asked that this be communicated to Gila County. Mr. Felix asked if the maturity dates for these loans would be extended. Mr. Schaefer responded that the maturity dates would not be extended.

Mr. Fink reviewed the HELP Loans by Region chart and regional percentages, noting that it does not include the City of Tucson loan on the agenda.

Mr. McGee said that an internal audit of the HELP program has been completed, with no findings or recommendations for improving management of the program.

Mr. McGee indicated that staff would be preparing the HELP annual report. A draft will be sent to Committee members for review.

Application Status Report

Mr. Schaefer said that loan applications are expected soon from the Town of Marana for \$7 million and the City of Tucson for \$15.6 million. These loans would bring the PAG total to \$126.5 million, or 25% of the total HELP loans.

Mr. Glock noted that the City of Tucson may not need this additional loan given project delays and cash flow. Mr. McGee said that, as a backup, the department has another Pima County project that could be advanced.

Legislative Update – Information Only

Mr. McGee reported that the FY 2005 State budget includes diverting \$118 million of Vehicle License Tax (VLT) funds that would have otherwise gone into the State Highway Fund. The rating agencies recently reaffirmed HURF bond ratings on the strength of assurances that this would be a one-time diversion to the State General Fund. In response to a question, Mr. McGee said that diversion in a second year would require the department to assume that the funds would continue to be diverted in future years, and some amount would have to be taken out of the financial plan in each year of the five-year program.

Mr. McGee said that a committee consisting of MAG, ADOT, and transit providers has been formed to coordinate financial and process activities related to the half-cent sales tax extension.

Mr. McGee said it appears federal reauthorization will not take place before the general election. He indicated that there is sentiment to allow more than five states to utilize federal funds in their State Infrastructure Banks, but whether or not this will happen as part of reauthorization is not yet known. Mr. Potts asked if more federal funding would be available for the HELP if the SIB program is expanded. Mr. McGee said that the department has made our Congressional delegation aware of our interest in expanding the SIB program.

Consideration of Loan Application – Discussion and Possible Action

Mr. Schaefer explained that the project involves demolishing the existing deficient and functionally obsolete two lane road and constructing a four-lane divided roadway with intersection improvements, traffic signals, drainage improvements, street lighting, sidewalks, landscaping and public art. Ninety percent of the original loan amount will be repaid by 2006.

Mr. Fink said that the Technical Committee scores were generally high, with an average score of 87. A number of positive comments were made about the completeness of the application.

Mr. Felix pointed out that there is no repayment scheduled in year three, and asked if interest would be due. Mr. Fink said that final negotiations with the City would determine whether a repayment is scheduled in this year. Mr. Fink also indicated that all loans are simple interest.

Action: A motion to approve the Application and Loan Repayment Agreement for the City of Tucson, Harrison Road, Speedway Boulevard to Old Spanish Trail Project, was made by Mr. Beyer, seconded by Mr. Felix and passed unanimously. Mr. Glock abstained from voting on this application.

Mr. Schwartz asked if major businesses are asked to contribute toward the cost of highway projects. Mr. Glock said that Target has made or will make improvements to the intersections of Old Spanish Trail and 22nd Street and Old Spanish Trail and Harrison, as well as the portion of 22nd Street between Harrison and Old Spanish Trail. They were also required to do other offsite improvements, specifically with regard to the bike path. Mr. McGee explained that projects are considered on a case-by-case basis, noting that developers or city sponsors have been asked to contribute significant sums of money. He said it basically comes down to whether or not the improvements would be necessary if it were not for the presence of the business.

Next Regular Meeting – Information Only

Mr. McGee noted that three Committee members - Tami Ryall, Cliff Potts and Bill Beyer - are nearing the end of their terms. Ms. Ryall and Mr. Potts are ineligible for reappointment for another term; however, Mr. Beyer is eligible for reappointment. The Governor, Senate President and Speaker will each appoint one member.

Mr. McGee suggested that the next meeting be held to consider the application that is expected from the Town of Marana.

Call to the Public – Information Only

No comments were made.

Adjourn

There being no further business, the meeting was adjourned at 2:25 p.m.

John McGee